

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

UNITED STATES AUTOMOBILE) (
ASSOCIATION) (
CIVIL ACTION NO.
VS.) (
2:18-CV-245-JRG
MARSHALL, TEXAS
NOVEMBER 5, 2019
WELLS FARGO BANK, N.A.) (1:49 P.M.

TRANSCRIPT OF JURY TRIAL

AFTERNOON SESSION

BEFORE THE HONORABLE CHIEF JUDGE RODNEY GILSTRAP,
UNITED STATES DISTRICT JUDGE

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(Proceedings recorded by mechanical stenography, transcript
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P R O C E E D I N G S

(Jury out.)

COURT SECURITY OFFICER: All rise.

THE COURT: Be seated, please.

All right. The Court is now prepared to take up motions from either party under Rule 50(a) of the Federal Rules of Civil Procedure.

Does Plaintiff have any motion to offer under Rule 50(a)?

MR. STRABONE: Yes, Your Honor.

THE COURT: Identify for me, if you will, counsel, the substantive matters on which Plaintiff seeks to move under Rule 50(a).

MR. STRABONE: Thank you, Your Honor. May it please the Court. Andrew Strabone for the Plaintiff.

USAA respectfully moves under Rule 50(a) for judgment as a matter of law on four issues.

Infringement under literal -- literal infringement and Doctrine of Equivalents; willful infringement; Section 101 Alice, Step 2; and damages -- specifically that any award of damages cannot reflect a lump sum or fully paid-up license for future infringement.

THE COURT: Say that last one again.

MR. STRABONE: Specifically that any award of damages cannot reflect a lump sum or a fully paid-up

01:52:02 1 license for future infringement.

01:52:09 2 THE COURT: All right. Let me ask the same
01:52:11 3 question of Defendant. Does Defendant care to offer any
01:52:15 4 motions for consideration by the Court under Rule 50(a) of
01:52:18 5 the Federal Rules of Civil Procedure?

01:52:21 6 MR. MCCULLOUGH: Yes, Your Honor, we do.

01:52:23 7 THE COURT: If you would in a similar fashion
01:52:25 8 identify topically those areas, please.

01:52:27 9 MR. MCCULLOUGH: Yes, Your Honor. Defendant,
01:52:29 10 Wells Fargo, will move for judgment as a matter of law
01:52:31 11 under Rule 50(a) on the issues of infringement, both
01:52:34 12 literal and Doctrine of Equivalents; willful infringement;
01:52:36 13 damages; and Section 101 patent eligibility.

01:52:41 14 THE COURT: And I gather you mean Section 101
01:52:49 15 patent eligibility as to Step 2 of the analysis since I've
01:52:54 16 already ruled on Step 1 as a matter of law?

01:53:00 17 MR. MCCULLOUGH: Yes, Your Honor.

01:53:03 18 THE COURT: Well, counsel, it appears --

01:53:03 19 MR. MCCULLOUGH: Sorry.

01:53:03 20 THE COURT: Yes?

01:53:05 21 MR. MCCULLOUGH: To clarify to preserve the issue,
01:53:07 22 we're -- to the extent necessary, we are also moving under
01:53:10 23 Step 1, as well.

01:53:11 24 THE COURT: Okay. I never have a problem with a
01:53:19 25 lawyer trying to preserve an issue.

01:53:23 1 Well, it appears that the parties are effectively
01:53:27 2 in a posture of having mirror image motions of each other
01:53:31 3 as to the same substantive areas.

01:53:35 4 That being the case, I see no reason why I
01:53:40 5 shouldn't hear concurrent arguments from both Plaintiff and
01:53:43 6 Defendant on each of these four substantive areas. And
01:53:46 7 we'll begin with the area of infringement.

01:53:51 8 Plaintiff seeks judgment as a matter of law that
01:53:54 9 the claims asserted have been infringed either both
01:53:59 10 literally or under the Doctrine of Equivalents.

01:54:02 11 Defendant seeks judgment as a matter of law that
01:54:05 12 the asserted claims have not been infringed either
01:54:08 13 literally or under the Doctrine of Equivalents.

01:54:09 14 I'll hear those competing arguments from both
01:54:12 15 sides concurrently.

01:54:15 16 I'll begin with the argument from Plaintiff, and
01:54:17 17 then hear argument from Defendant.

01:54:19 18 MR. STRABONE: Thank you, Your Honor.

01:54:19 19 USAA moves for judgment as a matter of law that no
01:54:23 20 reasonable jury could find that the accused Wells Fargo --
01:54:27 21 Fargo product does not infringe the asserted claims of the
01:54:31 22 '571 patent and the '090 patent.

01:54:32 23 THE COURT: Let me stop you, counsel. Are you
01:54:34 24 going to read a 20-page document to me?

01:54:37 25 MR. STRABONE: Half a page, Your Honor.

01:54:38 1 THE COURT: All right. Please continue.

01:54:40 2 MR. STRABONE: Thank you, Your Honor.

01:54:41 3 Under literal infringement or under the Doctrine
01:54:44 4 of Equivalents. Patent claims literally infringe if the
01:54:47 5 accused device includes each and every element of the
01:54:49 6 claim.

01:54:49 7 And under the Doctrine of Equivalents, a product
01:54:51 8 or process that does not literally infringe a patent may
01:54:56 9 nevertheless be held to infringe if it performs
01:55:00 10 substantially the same function in substantially the same
01:55:02 11 way to achieve substantially the same result.

01:55:05 12 Wells Fargo does not dispute that the Wells Fargo
01:55:08 13 mobile deposit application practices each and every element
01:55:11 14 of the asserted claims, except the capture element.

01:55:13 15 The testimony of Professor Conte and
01:55:15 16 Dr. Villasenor and Mr. Wood has shown that the Wells Fargo
01:55:19 17 mobile deposit application practices each and every element
01:55:21 18 of the asserted claims, including the capturing element.

01:55:25 19 Further, the testimony of Professor Conte has
01:55:28 20 shown that the Wells Fargo mobile deposit application
01:55:31 21 performs substantially the same function as the asserted
01:55:35 22 claims in substantially the same way to obtain
01:55:37 23 substantially the same result.

01:55:39 24 Based on the evidence presented at trial, no
01:55:41 25 reasonable jury could find that the accused Wells Fargo

01:55:44 1 product does not meet every limitation of the asserted
01:55:46 2 claims, and no reasonable jury could find that the accused
01:55:49 3 Wells Fargo product does not perform substantially the same
01:55:52 4 function as the asserted claims in substantially the same
01:55:55 5 way to achieve substantially the same result.

01:55:58 6 Therefore, USAA respectfully requests that the
01:56:00 7 Court enter judgment in its favor on the issue of
01:56:04 8 infringement under both literal infringement and the
01:56:05 9 Doctrine of Equivalents and hold that Defendant has
01:56:07 10 infringed the '571 patent and the '090 patent.

01:56:09 11 Thank you, Your Honor.

01:56:10 12 THE COURT: Let me hear a responsive argument and
01:56:14 13 argument on their own behalf from Defendant as to this
01:56:17 14 matter.

01:56:18 15 MR. MCCULLOUGH: Thank you, Your Honor. May it
01:56:23 16 please the Court.

01:56:23 17 Wells Fargo submits that judgment as a matter of
01:56:27 18 law should be entered in favor of Defendant on Plaintiff's
01:56:29 19 claims for infringement, both literal and under the
01:56:33 20 Doctrine of Equivalents.

01:56:33 21 First, Plaintiff failed to establish that Wells
01:56:37 22 Fargo uses the DevApp code, which is the only code accused
01:56:40 23 of infringement.

01:56:41 24 Plaintiff's infringement case for the disputed
01:56:43 25 capture limitation rests entirely on a single source code

01:56:48 1 function in Exhibit DTX-11 at Pages 194 through 198 which
01:56:53 2 has also been presented as DTX-611.

01:56:59 3 This code is from the folder DevApp and USAA's
01:57:00 4 expert Dr. Conte testified he has no understanding of what
01:57:05 5 DevApp means. That's from the October 31st trial
01:57:07 6 transcript in the afternoon at Page 42, Lines 13 through
01:57:11 7 20.

01:57:11 8 As Mr. Wood explained, DevApp is internal Mitek
01:57:15 9 testing code that is not used by Wells Fargo. That's the
01:57:18 10 November 4th morning trial transcript at 69, Lines 7
01:57:23 11 through 18.

01:57:23 12 Thus, there's no evidence tying Wells Fargo in any
01:57:28 13 manner to the only source code accused of infringement.

01:57:30 14 Second, Plaintiff has failed to establish literal
01:57:34 15 infringement. Plaintiff failed to establish that Wells
01:57:38 16 Fargo captures "when," which the Court has construed as at
01:57:41 17 or after, the monitoring criterion is passed.

01:57:44 18 Mr. Wood testified that the accused MiSnap code
01:57:48 19 captures the image from the camera first and then performs
01:57:51 20 IQA. Both experts -- both infringement experts agree that
01:57:55 21 the functional steps performed by the code include
01:57:58 22 receiving the image from the camera first and then
01:58:00 23 performing IQA analysis later.

01:58:02 24 Dr. Villasenor explains that such steps fail to
01:58:09 25 meet the Court's construction of "when" because the image

01:58:11 1 is not captured at or after the monitoring criterion has
01:58:13 2 passed.

01:58:14 3 Next, Plaintiff's literal infringement theory is
01:58:19 4 not capturing with the camera, as the claims require, and,
01:58:24 5 therefore, judgment as a matter of law should be entered.

01:58:26 6 Dr. Conte admitted on cross-examination that his
01:58:29 7 first and only infringement theory was the capture occurred
01:58:32 8 when the image was saved at the server. That's the October
01:58:35 9 31st transcript in the morning at Page 125, Lines 15
01:58:41 10 through 22.

01:58:41 11 Dr. Conte further admitted that part of the basis
01:58:44 12 for his opinion was that the -- the image was not stored in
01:58:49 13 non-volatile memory until it was saved to the server.

01:58:51 14 On direct examination, Dr. Conte made a different
01:58:55 15 allegation that the moment of capture is when the image is
01:58:59 16 saved as a JPEG to a variable named docCaptureResults.
01:59:04 17 None of these theories involves the use of the camera, and
01:59:08 18 Dr. Conte does not allege otherwise.

01:59:10 19 The uncontroverted testimony of Mr. Wood and
01:59:13 20 Dr. Villasenor is that the code cited by Dr. Conte does not
01:59:16 21 involve the camera.

01:59:17 22 Additionally, Dr. Conte and Dr. Villasenor both
01:59:21 23 testified that the claims of the patent have -- make no
01:59:25 24 distinction between volatile and non-volatile memory.

01:59:30 25 Third, Plaintiff failed to establish infringement

01:59:33 1 under the Doctrine of Equivalents because Plaintiff failed
01:59:35 2 to present particularized testimony and linking argument
01:59:37 3 for the capture limitation.

01:59:38 4 Dr. Conte's analysis of the D -- of the Doctrine
01:59:42 5 of Equivalents is highly conclusory. He fails to make any
01:59:46 6 comparison between the claim language in his proposed
01:59:49 7 equivalent and instead, merely asserts the ultimate
01:59:53 8 conclusion of equivalency.

01:59:55 9 Additionally, Plaintiff's Doctrine of Equivalents
01:59:56 10 evidence is subsumed within its literal infringement case
02:00:00 11 in violation of Ncube Corp. versus Seachange International,
02:00:05 12 436 F.3d 1317, from the Federal Circuit, 2006.

02:00:08 13 Moreover, Plaintiff's Doctrine of Equivalents case
02:00:13 14 fails to satisfy the all elements rule and show that Wells
02:00:18 15 Fargo has infringed each and every limitation of the
02:00:23 16 asserted patent.

02:00:23 17 Finally, prosecution history estoppel bars USAA's
02:00:27 18 proposed equivalent. Wells Fargo incorporates its prior
02:00:33 19 motion for summary judgment on this subject, which was
02:00:36 20 Document No. 132. And Wells Fargo further submits that the
02:00:38 21 trial testimony confirms that USAA should be estopped from
02:00:42 22 arguing the equivalent it advanced at trial.

02:00:45 23 All experts agree that the functional steps
02:00:48 24 performed by the code include receiving the image from the
02:00:50 25 camera first and then analyzing it later.

02:00:54 1 USAA's arguments relating to the Graham reference
02:00:57 2 during prosecution disclaimed this same process, and,
02:01:01 3 therefore, should estop USAA's DOE theories.

02:01:04 4 Therefore, Wells Fargo respectfully requests the
02:01:07 5 Court enter judgment as a matter of law on Plaintiff's
02:01:09 6 claims for infringement.

02:01:11 7 THE COURT: Thank you, counsel.

02:01:12 8 The Court will next move to the issue of
02:01:16 9 willfulness.

02:01:17 10 Plaintiff has moved for judgment as a matter of
02:01:20 11 law that any infringement of Defendant was done willfully.

02:01:26 12 Defendant has moved for judgment as a matter of
02:01:28 13 law that any infringement was not willful.

02:01:32 14 Let me hear competing arguments on this same
02:01:35 15 substantive topic from both parties, again, beginning with
02:01:39 16 Plaintiff.

02:01:40 17 MR. STRABONE: Thank you, Your Honor.

02:01:40 18 USAA moves for judgment as a matter of law that no
02:01:44 19 reasonable jury could find that Defendant has not willfully
02:01:47 20 infringed the asserted claims of the '571 and the '090
02:01:51 21 patents.

02:01:51 22 In particular, the testimony of Mr. Calman,
02:01:54 23 Mr. Bueche, Ms. Lockwood-Stein, Mr. Wood, and Mr. Ajami has
02:01:59 24 shown that Wells Fargo acted willfully when it infringed
02:02:03 25 the asserted claims, including by examining USAA's system

02:02:05 1 and leveraging design learning when creating its own
02:02:10 2 infringing system.

02:02:10 3 A finding of willfulness requires that Wells Fargo
02:02:14 4 acted egregiously, willfully, or wantonly when infringing
02:02:19 5 the patents-in-suit. Infringement is egregious, willful,
02:02:22 6 or wanton when the actions of the Defendant are taken in
02:02:22 7 reckless or callous disregard of or with indifference to
02:02:27 8 the rights of the patentee.

02:02:27 9 The Defendant is indifferent to the rights of
02:02:29 10 another when it proceeds in disregard of a high or
02:02:32 11 excessive danger of infringement that is known to it or was
02:02:35 12 apparent to a reasonable person in its position.

02:02:37 13 USAA has introduced substantial evidence that
02:02:40 14 Wells Fargo willfully infringed the patents-in-suit,
02:02:42 15 including evidence that USAA marked its patent in December
02:02:47 16 2016. USAA provided notice to Wells Fargo in August 2017,
02:02:50 17 and provided claim charts in February 2018.

02:02:53 18 There was evidence of internal Wells Fargo
02:02:56 19 documents showing that Wells Fargo had viewed screenshots
02:02:59 20 of USAA's marking page prior to the filing of this lawsuit,
02:03:02 21 as well as the continued release of different versions of
02:03:06 22 accused products since the filing of this lawsuit.

02:03:08 23 Based on the evidence presented at trial, no
02:03:11 24 reasonable jury could find that Wells Fargo has not
02:03:14 25 willfully infringed the patents-in-suit. Therefore, USAA

02:03:17 1 respectfully requests that the Court enter judgment in its
02:03:20 2 favor on the issue of willfulness.

02:03:22 3 Thank you, Your Honor.

02:03:22 4 THE COURT: Let me hear competing argument from
02:03:24 5 Defendant.

02:03:25 6 MR. MCCULLOUGH: May it please the Court.

02:03:30 7 Wells Fargo submits that judgment as a matter of
02:03:34 8 law should be entered in favor of Defendant on Plaintiff's
02:03:37 9 claims for willful infringement.

02:03:38 10 First, USAA has failed to establish that Wells
02:03:41 11 Fargo knew of the '571 or '090 patents, which is a
02:03:45 12 prerequisite to finding willful infringement. There is no
02:03:49 13 properly admissible evidence that Wells Fargo had pre-suit
02:03:52 14 knowledge of the patent, and Wells Fargo incorporates its
02:03:55 15 motion for summary judgment, as well as its motion in
02:03:57 16 limine related to the February 2018 email and all prior
02:04:02 17 argument on that subject.

02:04:02 18 Additionally, USAA adduced no evidence at trial
02:04:06 19 that Wells Fargo knew of the '090 patent in any manner.

02:04:09 20 Second, USAA has failed to establish any egregious
02:04:14 21 conduct by Wells Fargo that would support a finding of
02:04:16 22 willfulness.

02:04:17 23 USAA has not identified any improper conduct. The
02:04:22 24 evidence it cites is generally not specific to auto
02:04:24 25 capture, and certainly not specific to the specific

02:04:28 1 sequence of steps that are required by USAA's claims.

02:04:30 2 Other evidence in the case, for example, PX-162,
02:04:36 3 evidences standard business discussions about the ground
02:04:39 4 rules for potential licensing discussions but does not
02:04:43 5 support a finding of improper or egregious conduct by Wells
02:04:46 6 Fargo.

02:04:46 7 In fact, shortly after the discussions on the
02:04:48 8 ground rules for future licensing discussions were
02:04:51 9 completed, USAA sued Wells Fargo.

02:04:53 10 USAA fails to identify any relevant or allegedly
02:05:00 11 egregious conduct by Wells Fargo in the interim after that
02:05:03 12 agreement was made, and, thus, that agreement and the
02:05:05 13 February 2018 email cannot support a finding of
02:05:10 14 willfulness. Therefore, Wells Fargo requests that the
02:05:12 15 Court enter judgment as a matter of law that there has been
02:05:14 16 no willful infringement.

02:05:15 17 THE COURT: Thank you, counsel.

02:05:16 18 All right. Next let's turn to the issue of patent
02:05:23 19 eligibility. While I said a few moments ago the Court
02:05:26 20 never has a problem with a lawyer trying to maintain its
02:05:29 21 posture in the record for potential argument at a later
02:05:33 22 stage, I am concerned about this for the following reasons.

02:05:37 23 Number one, the Court's previously issued a
02:05:42 24 lengthy and carefully considered ruling on the issue of
02:05:48 25 patent eligibility as a part of Document 283 on file in

02:05:52 1 this case.

02:05:52 2 The Court, as a part thereof, addressed the
02:05:58 3 Alice/Mayo analysis and found under Step 1 of that analysis
02:06:04 4 that the claims at issue in the patents-in-suit are not
02:06:06 5 directed to an abstract concept.

02:06:09 6 That's a question of law, clearly. And Rule
02:06:17 7 50(a), as provided in the rule itself, is only as to
02:06:21 8 matters that have been fully heard and at issue during a
02:06:23 9 jury trial.

02:06:24 10 Step 1 of the Alice/Mayo analysis was not heard as
02:06:29 11 a part of this jury trial and was not properly heard as a
02:06:34 12 part of this jury trial because it's a matter for the Court
02:06:36 13 only to decide.

02:06:37 14 So I find that any arguments regarding Step 1 of
02:06:43 15 the Alice/Mayo analysis are not proper under Rule 50(a) for
02:06:47 16 argument at this point.

02:06:50 17 With regard to the Step 2 process under Alice and
02:06:55 18 Mayo, the Court's opinion at Document -- Document 283
02:07:01 19 clearly set forth that because the Court found the targeted
02:07:07 20 claims and patents were not directed to an abstract
02:07:10 21 concept, that they were patent eligible under Step 1, but
02:07:14 22 then alternatively and as a matter of caution, the Court
02:07:17 23 went on to look at the Step 2 process and found that there
02:07:23 24 were potentially questions of fact as to Step 2 that would
02:07:27 25 have precluded the granting of summary judgment.

02:07:29 1 But based on the Court's ruling that --
02:07:32 2 affirmatively that Step 1 was not directed to an abstract
02:07:36 3 concept, it was not appropriate for either party to put on
02:07:41 4 evidence of Step 2 in this trial and neither party put on
02:07:45 5 any evidence of Step 2 in this trial that I'm aware of.

02:07:48 6 Therefore, I don't know any basis upon which
02:07:52 7 patent eligibility, either under Step 1 or Step 2, could be
02:07:56 8 appropriate for consideration and argument under Rule 50(a)
02:07:59 9 of the Federal Rules of Civil Procedure, which by
02:08:02 10 definition are limited to issues that were fully heard by
02:08:05 11 the jury.

02:08:07 12 Under Step 1, nothing was heard because it's a
02:08:10 13 question of law.

02:08:10 14 Under Step 2, nothing was heard because the Court
02:08:14 15 ruled in advance of the trial the patents were eligible.

02:08:17 16 So there's been nothing under either Step 1 or
02:08:22 17 Step 2 presented that's been to this jury during this
02:08:24 18 trial. Consequently, I don't find that Rule 50(a) applies,
02:08:30 19 and that argument at this juncture related to issues that
02:08:31 20 arise solely under Rule 50(a) would be appropriate.

02:08:34 21 I'm happy for counsel to make what statements they
02:08:37 22 want to for the record, but I don't intend to hear
02:08:41 23 affirmative argument, having determined that this is not an
02:08:44 24 appropriate issue for presentation to the Court under Rule
02:08:47 25 50(a).

02:08:50 1 MR. STRABONE: Understood, Your Honor. Could I
02:08:52 2 have a moment, Your Honor?

02:08:53 3 THE COURT: Yes.

02:09:02 4 MR. STRABONE: Thank you, Your Honor.

02:09:03 5 We are going to make a brief statement with
02:09:08 6 respect to Step 2.

02:09:09 7 THE COURT: As I said, you may make a brief
02:09:11 8 statement.

02:09:12 9 MR. STRABONE: Thank you, Your Honor.

02:09:13 10 THE COURT: I'm not going to consider it argument
02:09:16 11 for a ruling by the Court though.

02:09:17 12 MR. STRABONE: Understood.

02:09:17 13 In the Court's memorandum and opinion on Wells
02:09:18 14 Fargo's motion for summary judgment, pursuant to 35 U.S.C.
02:09:22 15 Section 101, the Court determined that there were material
02:09:24 16 issues of fact on the question of Alice Step 2.

02:09:28 17 Specifically, the Court found that Wells Fargo
02:09:29 18 proffers no evidence that the limitations providing
02:09:32 19 corrective feedback to the user to assist in satisfying the
02:09:36 20 monitoring -- monitoring criteria were well-known in the
02:09:39 21 industry.

02:09:40 22 Wells Fargo has presented no evidence to the jury
02:09:42 23 on that issue, nor has it presented evidence that the
02:09:45 24 elements of each claim, either individually or as an
02:09:49 25 ordered combination, were well-understood, routine, and

02:09:52 1 conventional in the -- in the industry.

02:09:54 2 As such, Wells Fargo has not met its burden to
02:09:57 3 prove ineligibility by clear and convincing evidence. The
02:10:00 4 material issues of fact that the Court had identified in
02:10:02 5 its summary judgment order are now resolved. There are no
02:10:05 6 facts to support Wells Fargo's defense.

02:10:07 7 No reasonable jury could find for Wells Fargo with
02:10:10 8 respect to Alice Step 2, and USAA requests that judgment be
02:10:14 9 entered in its favor with respect to Alice Step 2.

02:10:16 10 Thank you, Your Honor.

02:10:18 11 THE COURT: All right. Does Defendant care to be
02:10:19 12 heard on this matter?

02:10:21 13 MR. HILL: Yes, Your Honor. Just briefly.

02:10:22 14 We obviously disagree with the position that was
02:10:24 15 just advanced by the Plaintiff. We completely agree with
02:10:28 16 the Court's characterization of the record and the Court's
02:10:31 17 conclusion with regard to the inappropriateness of a Rule
02:10:34 18 50(a) motion on an issue that was not tried.

02:10:36 19 The Court resolved the 101 issue as a pure matter
02:10:39 20 of law and Step 1 of the Alice analysis, and that concludes
02:10:45 21 the issue. And thus nothing was tried and no Rule 50(a)
02:10:47 22 motion is appropriate, so we would concur with the Court's
02:10:50 23 conclusions there. And I just note that for the record.

02:10:53 24 THE COURT: All right. Next, the Court will take
02:10:56 25 up and hear argument from the competing motions from the

02:10:59 1 parties regarding damages.

02:11:01 2 Given that these also are mirror image positions
02:11:07 3 of each other, let me hear from Plaintiff first, and then
02:11:10 4 I'll hear appropriate argument in response from Defendant.

02:11:14 5 MR. STRABONE: Thank you, Your Honor.

02:11:15 6 Our positions may not be mirror images, as
02:11:19 7 Plaintiff's motion is specifically addressed towards lump
02:11:22 8 sum or fully paid-up licenses for future infringement.

02:11:24 9 So after Defendant has given its motion --

02:11:29 10 THE COURT: I'll hear your argument, then I'll
02:11:31 11 hear Defendants.

02:11:32 12 But since you raised that question, counsel, let
02:11:35 13 me ask you this.

02:11:36 14 MR. STRABONE: Yes.

02:11:36 15 THE COURT: The alternative to a lump-sum royalty
02:11:38 16 is a running royalty. When at all during this trial and
02:11:42 17 where in the transcript can you point me to one time where
02:11:47 18 anybody used the two words together, "running royalty"?

02:11:51 19 MR. STRABONE: Your Honor, I --

02:11:52 20 THE COURT: I never heard it throughout this
02:11:54 21 entire trial.

02:11:56 22 MR. STRABONE: I understand that, Your Honor, and
02:11:58 23 perhaps I was wrong to focus on the phrase "lump sum," and
02:12:01 24 instead, it's -- the focus was on future infringement.

02:12:03 25 And the issue here is that lump sum and fully

02:12:05 1 paid-up license, which Mr. Gerardi has used in his expert
02:12:08 2 report, is a royalty based on an estimate of sales for both
02:12:12 3 past and future infringement of the patents-in-suit.

02:12:14 4 THE COURT: I -- I well know what a lump sum is,
02:12:17 5 counsel.

02:12:17 6 MR. STRABONE: Understood, Your Honor.

02:12:18 7 THE COURT: I'm talking about the evidence that's
02:12:19 8 been presented before the jury.

02:12:21 9 MR. STRABONE: Wells Fargo --

02:12:23 10 THE COURT: Not what an expert may have written in
02:12:24 11 his report.

02:12:25 12 MR. STRABONE: I understand, Your Honor.

02:12:27 13 Wells Fargo has presented no evidence concerning
02:12:29 14 the extent of future sales of the accused product.

02:12:33 15 Therefore, USAA requests that the Court enter judgment in
02:12:36 16 its favor that any damages award only reflect the damages
02:12:40 17 period through the date of trial.

02:12:42 18 THE COURT: And what evidentiary basis do you have
02:12:44 19 to ask for that for affirmative relief from the Court under
02:12:47 20 Rule 50(a)?

02:12:48 21 MR. STRABONE: There was no evidence in the
02:12:49 22 record, Your Honor, again, of any -- any information
02:12:52 23 concerning future infringement. And all of the evidence in
02:12:56 24 the record given by both -- both Mr. Gerardi and
02:12:59 25 Mr. Weinstein and Mr. Calman were for damages through the

02:13:02 1 date of trial.

02:13:04 2 THE COURT: And it's your position that those
02:13:08 3 witnesses clearly testified that their damages were limited
02:13:12 4 as of the date of trial and that in their opinion, there
02:13:19 5 would be future infringement and future royalties due
02:13:24 6 beyond the date of trial, given that their testimony was
02:13:27 7 limited to only infringement through the date of trial?

02:13:32 8 MR. STRABONE: I think that's an accurate
02:13:35 9 characterization of my opinion -- of our position, Your
02:13:39 10 Honor.

02:13:39 11 THE COURT: Again, there may have been -- there
02:13:53 12 may have been statements made by witnesses that the
02:13:56 13 testimony they were giving was as of the date of trial.
02:14:00 14 But I don't recall any evidence that indicated that because
02:14:05 15 the -- it was at the -- as of the date of trial the door
02:14:07 16 was opened to future royalties and that the jury could
02:14:10 17 expect there to be royalties due in the future for
02:14:14 18 continuing infringement beyond the evidence that was
02:14:17 19 presented.

02:14:18 20 Nowhere in the evidence do I find that the
02:14:21 21 witnesses actually indicated there would be any damages due
02:14:26 22 beyond the evidence that they offered at trial.

02:14:29 23 Can you point me to somewhere in the record where
02:14:32 24 a witness for the Plaintiff indicated affirmatively that
02:14:35 25 there would be future royalties due for ongoing

02:14:41 1 infringement and that there was anything beyond the damages
02:14:46 2 appropriate in this case more than the evidence through the
02:14:52 3 date of trial that they gave?

02:14:54 4 Yes, they did say this is as of the date of trial.
02:14:58 5 But that's a far cry from saying, and there will be damages
02:15:01 6 in the future for ongoing infringement beyond the date of
02:15:05 7 trial that we don't know what they are yet and so you need
02:15:07 8 to set a running royalty. That was never presented to this
02:15:10 9 jury.

02:15:13 10 And if I'm mistaken, now's the time to point it
02:15:17 11 out to me, but that's my best recollection.

02:15:20 12 MR. STRABONE: Your Honor, both Mr. Weinstein and
02:15:22 13 Mr. Gerardi presented on a per-transaction basis their
02:15:26 14 damages analysis. And so that assumes that going -- that
02:15:30 15 those transactions will continue going forward. And so
02:15:32 16 that any damages award is related to that per-transaction
02:15:36 17 basis.

02:15:37 18 THE COURT: So you're telling me that where
02:15:39 19 damages evidence is put forward on a per-transaction basis,
02:15:43 20 that that, per se, can only be a running royalty and could
02:15:48 21 never properly be a lump-sum award?

02:15:51 22 MR. STRABONE: Your Honor, I -- I don't think
02:15:53 23 there could never properly be a lump-sum award, but, again,
02:15:58 24 I -- I think the only evidence that the jury has heard has
02:15:59 25 been for this damages period through November 4th, 2019.

02:16:03 1 THE COURT: Let me ask you this, counsel. What
02:16:06 2 specific evidence is before the jury in this case from
02:16:10 3 which a running royalty could possibly be calculated?

02:16:14 4 MR. STRABONE: I believe I just mentioned, Your
02:16:18 5 Honor, it would be on a transaction basis. I -- I don't
02:16:20 6 have the -- the transcript in front of you. And if you'd
02:16:22 7 like us to submit written briefing on this topic, we'd be
02:16:27 8 happy to do so.

02:16:27 9 THE COURT: I don't think that's necessary. Do
02:16:29 10 you have anything further for me on this?

02:16:31 11 MR. STRABONE: Not on this, Your Honor.

02:16:33 12 THE COURT: Let me hear from the Defendant
02:16:34 13 responsively and affirmatively urging its position.

02:16:37 14 MR. HILL: Thank you, Your Honor.

02:16:38 15 Responsively first, Your Honor, Mr. McCullough
02:16:41 16 will urge our affirmative position for Rule 50 on damages
02:16:46 17 separately because it does focus on a distinct issue, Your
02:16:50 18 Honor. It does not focus on this issue of lump-sum damages
02:16:52 19 that the Plaintiff have raised.

02:16:54 20 Your Honor, I would respond to the Plaintiff's --
02:16:57 21 again, this is a motion for judgment as a matter of law in
02:16:59 22 favor of the Plaintiff that they're making. We have no
02:17:01 23 burden on damages. We don't have to put on any damages
02:17:07 24 evidence.

02:17:07 25 And the question here in a Rule 50(a) context is,

02:17:11 1 is there any evidence from which a reasonable jury could
02:17:18 2 make a finding about future damages? And if there's not,
02:17:20 3 it doesn't mean Plaintiff is entitled to a judgment of any
02:17:24 4 sort. It means the Plaintiff has failed to present
02:17:25 5 sufficient evidence to support a future damages
02:17:26 6 calculation.

02:17:27 7 And the Court is absolutely correct, they have
02:17:30 8 only presented a damages model in this case through the
02:17:33 9 date of trial. That was their choice.

02:17:35 10 We rebutted that damages theory with an expert who
02:17:39 11 criticized and came up with his own number for that period.
02:17:42 12 But they chose the period to present, and that's what they
02:17:45 13 moved forward on, Your Honor.

02:17:46 14 There is no -- no evidence in the case that they
02:17:50 15 have presented that the damages would continue past the
02:17:53 16 date of trial or what or how those damages for any future
02:17:58 17 dates should be calculated. They have no evidence of
02:18:02 18 damages for an ongoing infringement or for an ongoing
02:18:06 19 royalty.

02:18:06 20 Thus, the Plaintiff, Your Honor, has failed to
02:18:08 21 present any evidence of future damages, and they have no
02:18:11 22 entitlement to such. And more importantly, in the Rule 50
02:18:16 23 context, they have no way to preclude any argument the
02:18:19 24 Defendants would have about future damages because, again,
02:18:22 25 we bear no burden here, Your Honor.

02:18:23 1 The availability of lump-sum damages for the life
02:18:27 2 of the patents is within the jury's discretion to award if
02:18:31 3 they believe that that is the appropriate measure of
02:18:35 4 damages in the case. It is not dependent on the
02:18:38 5 Plaintiff's choice of how they chose to present their
02:18:41 6 model.

02:18:41 7 The jury can award damages to compensate for the
02:18:45 8 infringement if they believe, based upon the evidence, that
02:18:49 9 a lump-sum award is what would have resulted from the
02:18:53 10 hypothetical negotiation. And we believe there is evidence
02:18:54 11 in the case that -- from which the jury can conclude that a
02:19:00 12 lump sum would be the most appropriate award.

02:19:02 13 And based on that, Your Honor, we think the
02:19:04 14 Plaintiff's motion should be denied in its entirety, and we
02:19:08 15 will separately urge our motion regarding damage issues.

02:19:11 16 THE COURT: Let me hear Defendant's affirmative
02:19:16 17 motion.

02:19:16 18 MS. GLASSER: Your Honor, may I be heard briefly
02:19:19 19 on the issue?

02:19:19 20 THE COURT: I'll let you follow up after I hear
02:19:22 21 this. That will be a better structure, I think.

02:19:24 22 MR. MCCULLOUGH: Thank you, Your Honor.

02:19:25 23 Wells Fargo moves for judgment as a matter of law
02:19:27 24 on the issue of damages for two reasons.

02:19:29 25 First, USAA has failed to properly apportion the

02:19:32 1 value of its inventions, and, therefore, cannot support its
02:19:35 2 claims for damages.

02:19:36 3 USAA's damages expert, Mr. Weinstein, agreed the
02:19:41 4 goal of the hypothetical negotiation is to value the
02:19:43 5 invention of the patents-in-suit, which is different from
02:19:45 6 the value of mobile remote deposit capture as a whole.

02:19:48 7 The accused feature is a specific form of
02:19:51 8 automatic capture, and Mr. Weinstein agreed that the
02:19:55 9 accused mobile apps include numerous unpatented features.

02:20:00 10 Mr. Weinstein testified at trial that the evidence
02:20:03 11 he relied on to reach his opinions as to damages were
02:20:07 12 not -- was not specific to auto capture and instead related
02:20:12 13 to mobile deposit generally.

02:20:12 14 Additionally, USAA has failed to prove the
02:20:16 15 conditions necessary to support the application of the
02:20:21 16 entire market value rule.

02:20:21 17 Finally, Mr. Weinstein also relied on a flawed
02:20:24 18 apportionment factor from USAA's other damages expert,
02:20:26 19 Mr. Calman. Mr. Calman's apportionment factor was based on
02:20:31 20 the analyses that were overbroad and included the value of
02:20:34 21 unaccused features. Thus, Mr. Calman's testimony cannot
02:20:36 22 provide the apportionment necessary to support USAA's
02:20:39 23 claims for damages.

02:20:43 24 THE COURT: All right. Counsel, anything further?

02:20:45 25 MR. MCCULLOUGH: Yes, Your Honor.

02:20:47 1 Next, judgment as a matter of law is warranted on
02:20:49 2 pre-suit damages because no reasonable jury would have
02:20:52 3 sufficient basis to find that Plaintiff sufficiently marked
02:20:55 4 the patents-in-suit or otherwise notified Defendant, Wells
02:20:59 5 Fargo, of infringement.

02:21:01 6 And it's undisputed that USAA did not mark any
02:21:04 7 product with the '090 patent.

02:21:07 8 As to the '571 patent, the only evidence of
02:21:10 9 marking presented was PX-1062. However, the evidence that
02:21:15 10 that notification was publicly available is legally
02:21:20 11 insufficient, and Plaintiff has failed to prove that the
02:21:22 12 product was properly marked as of December 2016 or any
02:21:26 13 other date.

02:21:27 14 Additionally, Plaintiff has put forth no properly
02:21:31 15 admissible evidence that it put Defendant on notice of
02:21:34 16 infringement. And, again, I incorporate Wells Fargo's
02:21:37 17 prior motion for summary judgment and motion in limine
02:21:39 18 relating to the February 2018 email that Wells Fargo
02:21:44 19 objects to.

02:21:45 20 Further, there is no -- there's no evidence at all
02:21:53 21 that USAA put Wells Fargo on notice of the '090 patent in
02:21:55 22 any manner.

02:21:57 23 Finally, there's no evidence that would allow a
02:22:01 24 reasonable jury to find that Defendant was aware not only
02:22:04 25 of the patents but of alleged infringement of either the

02:22:08 1 '571 or '090 patents.

02:22:09 2 And, Your Honor, may I confer with counsel?

02:22:13 3 THE COURT: You may confer.

02:22:22 4 MR. HILL: Your Honor, if I may, just to assist
02:22:26 5 Mr. McCullough here.

02:22:26 6 There is one additional item, Your Honor, that
02:22:30 7 joins back into this point we started with, which is the
02:22:30 8 absence of evidence of future damages. Plaintiff has
02:22:33 9 presented no evidence of future damages on a go-forward
02:22:36 10 basis, and so we would move on a Rule 50(a) motion with
02:22:40 11 regard to that, while the jury is entitled to make a
02:22:43 12 lump-sum award, they are not entitled to entertain. And
02:22:47 13 the Plaintiff has presented no evidence to support any kind
02:22:50 14 of go-forward royalty or continuing damages for future
02:22:53 15 periods. They presented no evidence on that point.

02:22:56 16 THE COURT: All right. I'll hear follow-on
02:22:59 17 argument from additional Plaintiff's counsel.

02:23:01 18 Ms. Glasser?

02:23:05 19 MS. GLASSER: Thank you, Your Honor.

02:23:05 20 So just to clarify a few points regarding the
02:23:11 21 concept of future damages. As I believe the parties are in
02:23:15 22 agreement and the Court, of course, is aware, the jury is
02:23:18 23 charged with determining damages for acts of infringement
02:23:22 24 that have occurred as of the date of trial.

02:23:26 25 The Plaintiff has proceeded here on a damages

02:23:30 1 theory that includes damages for the specific acts of
02:23:34 2 infringement that have occurred as of date of trial.

02:23:38 3 The Defendant's expert responded with a different
02:23:41 4 theory but a theory that similarly was based on specific
02:23:45 5 acts of infringement through trial.

02:23:47 6 The Plaintiff had no obligation, and, in fact, no
02:23:52 7 ability to ask the jury to calculate damages for acts of
02:23:57 8 infringement that have not yet occurred. Those would be
02:24:00 9 the matter, if they continue -- if the infringement
02:24:05 10 continues post-trial, that would either be a matter for a
02:24:08 11 new lawsuit or for a request for equitable relief before
02:24:12 12 this Court.

02:24:12 13 THE COURT: And let me ask you, Ms. Glasser, just
02:24:15 14 hypothetically. Hypothetically, if the Court were to leave
02:24:22 15 this issue open for the jury and the jury were to return a
02:24:27 16 verdict finding infringement and awarding some amount of
02:24:32 17 money as adequate compensation, how would you propose the
02:24:37 18 Court to determine and on what basis does the Court have
02:24:44 19 any evidence before it from which it could possibly
02:24:47 20 determine what an accurate running royalty would be in the
02:24:50 21 future?

02:24:52 22 MS. GLASSER: So I can -- by the way, I believe
02:24:55 23 that the verdict form -- although I can check, I believe
02:24:58 24 the parties have agreed the verdict form should include
02:25:01 25 specifically damages just through the date of trial.

02:25:03 1 The Court, of course, considers --

02:25:05 2 THE COURT: We'll talk about the verdict form and
02:25:07 3 the charge later, and they're the Court's charge and the
02:25:10 4 Court's verdict form, but I understand the parties have
02:25:12 5 registered their positions.

02:25:15 6 MS. GLASSER: Yeah. So if hypothetically we're in
02:25:18 7 a scenario in the future where we're down a path of a
02:25:22 8 request by the Plaintiff for an ongoing royalty
02:25:25 9 post-trial --

02:25:25 10 THE COURT: Let's -- let's say that I follow your
02:25:27 11 suggestion and there's a verdict form that has an
02:25:31 12 award of -- a monetary amount for damages through the date
02:25:34 13 of trial, end of story, jury brings back a verdict that
02:25:38 14 awards some amount of money in that question or that
02:25:43 15 answer, what -- and then afterward at some post-trial date
02:25:46 16 I have a motion to award a running royalty urged by you,
02:25:50 17 how are you going to tell me that from the record in this
02:25:54 18 case I could possibly chart a clear and discernible path to
02:25:58 19 establishing a set running royalty?

02:26:02 20 MS. GLASSER: So as -- as the Court is aware,
02:26:06 21 post-trial royalties are subject to a form of modified
02:26:13 22 Georgia-Pacific analysis. It's not identical to the
02:26:15 23 original one, but typically, the starting point for the
02:26:19 24 analysis is taking the jury's verdict and determining if it
02:26:22 25 can be split into a per unit.

02:26:24 1 In this particular instance, virtually any number
02:26:28 2 the jury would come back with, although I don't know quite
02:26:30 3 what they're going to do, most likely would be fairly
02:26:34 4 easily addressed in that manner because there is clear
02:26:38 5 evidence in the record of the number of mobile deposit
02:26:42 6 transactions that occurred during the damages period of
02:26:46 7 December 15th, 2016, up through approximately the date of
02:26:52 8 trial.

02:26:53 9 So I wouldn't want to pre-judge exactly what the
02:26:57 10 equitable factors would be, and then Your Honor would go
02:27:01 11 about doing that, but that would typically be a starting
02:27:04 12 point for the analysis. And based on the evidence in the
02:27:06 13 record, there would be plenty to -- to work with and -- and
02:27:09 14 get a -- a fairly concrete calculation there.

02:27:12 15 THE COURT: Well, I understand that in the posture
02:27:15 16 of a forward-looking royalty, there are modified factors
02:27:20 17 for the Court to consider. And I understand that the Court
02:27:22 18 can award a running royalty at a higher rate than to an
02:27:30 19 underlying base rate that might have been established by
02:27:33 20 the jury's verdict, given the ongoing nature of the
02:27:36 21 infringing use.

02:27:39 22 However, all of that is premised upon there being
02:27:43 23 a clear and discernible running royalty rate establishable
02:27:48 24 from the verdict as returned by the jury. And at that
02:27:52 25 future date when you're back before me on this hypothetical

02:27:56 1 scenario with that motion for a running royalty, this jury
02:27:59 2 is going to be long gone, and the ability to get any
02:28:02 3 additional guidance from them is going to be over. And I
02:28:05 4 don't know how, given the evidence in this case, I could
02:28:09 5 take a single number awarded in a damages answer to the
02:28:14 6 verdict form and extrapolate backwards to determine a fair
02:28:19 7 and a discernible running royalty.

02:28:22 8 And if -- if there's evidence that allows that to
02:28:25 9 be done, you need to tell me about it. But I'm sitting
02:28:27 10 here worried about the future, which is part of what I get
02:28:31 11 paid to do. And I know what the evidence is. And
02:28:34 12 anticipating that that scenario might come to pass, I have
02:28:38 13 really very valid concerns about the viability of what you
02:28:43 14 tell me should be -- should be readily discernible from
02:28:49 15 what we have before us.

02:28:50 16 You telling me that and me being able to do it
02:28:54 17 based on the record and the verdict at a future date may be
02:28:59 18 two different things, which causes me a fair amount of
02:29:01 19 concern.

02:29:01 20 MS. GLASSER: And I understand, Your Honor. So
02:29:03 21 just to be more concrete -- and, again, I think the
02:29:05 22 situation there -- there are many cases out where Judges
02:29:09 23 have to do some extrapolation from the jury's verdict. I
02:29:13 24 think this one is well within the range of what's
02:29:16 25 permissible.

02:29:17 1 In fact, here it's quite a bit more concrete. Mr.
02:29:21 2 Bunt has reminded me of the specific number -- I mentioned
02:29:24 3 earlier there was a specific number in the record of the
02:29:27 4 number of deposits from which the expert's figures were
02:29:29 5 calculated. Mr. Weinstein testified to that number, 231
02:29:35 6 million total deposits.

02:29:37 7 There's also very concrete evidence in the record
02:29:40 8 exactly how many of those deposits were auto capture. And
02:29:44 9 so here, we -- we don't have a situation where we would
02:29:47 10 need to sort of pick a number and guess how to divide it
02:29:51 11 up. We could discern and back out very easily what the per
02:29:55 12 unit number was.

02:29:57 13 And, in fact, there's not even the problem that
02:29:59 14 you end up with some cases where one expert is urging an
02:30:04 15 approach that really is truly a lump sum, just a number
02:30:07 16 that the parties allegedly would have agreed to.

02:30:10 17 Both parties' experts did adopt an approach that
02:30:15 18 considered specific transactions and then purported to pick
02:30:19 19 a number based upon them. That was the approach of the
02:30:23 20 Defendant's experts, as well, although it was a -- a
02:30:26 21 different metric than the one used by the Plaintiff's
02:30:29 22 expert.

02:30:32 23 THE COURT: Well, I hear what you say. The
02:30:36 24 only -- the problem that I see is the damages evidence that
02:30:41 25 you put forward in this trial is not X number of deposits

02:30:46 1 with auto capture remote deposit times X amount per deposit
02:30:52 2 gives me my damages ask that I presented to the jury.

02:30:56 3 Your damages ask is based on additional business
02:30:59 4 that they would have gotten from customers that they didn't
02:31:02 5 get. Your ask is based on building branch banks that don't
02:31:07 6 have anything to do with a rate per auto capture deposit
02:31:11 7 that was made.

02:31:12 8 Your evidence has to do with an ecosystem of some
02:31:17 9 sort that's in the record. Your damages evidence is not
02:31:22 10 this many transactions times this rate gives you this
02:31:25 11 dollar amount of damages. It's not nearly that
02:31:27 12 straightforward, Ms. Glasser.

02:31:29 13 And so telling me because there's a -- a
02:31:31 14 supposedly known number of remote auto capture deposits,
02:31:38 15 Judge, you can just easily back into a clear number for a
02:31:41 16 running royalty, that might be the case if your damages
02:31:44 17 model was rate times base equals ask. But your damages
02:31:50 18 model is very different than that.

02:31:52 19 MS. GLASSER: Well, to be clear, though, each of
02:31:54 20 the three components that add up to the total ask, each and
02:31:58 21 every one of those was tied to a specific number of
02:32:04 22 deposits and a specific figure.

02:32:07 23 And so, for example, the original calculation
02:32:09 24 based on the Zelle comparison was 60 cents per unit. And
02:32:15 25 Mr. Weinstein went and walked through on a per transaction

02:32:17 1 basis exactly how he got to each of the numbers within each
02:32:22 2 category.

02:32:23 3 And so while I agree with Your Honor it's not as
02:32:27 4 easy as a case where somebody says it's 3 percent and then
02:32:30 5 we just go on and we -- we apply a 3 percent, the type of
02:32:33 6 theory here, nonetheless, turns out to be the same
02:32:38 7 construct where in the end you can back out a per unit
02:32:43 8 figure from the verdict.

02:32:44 9 And, of course, the fact that the -- the -- there
02:32:47 10 is no, you know, percentage rate in this case doesn't
02:32:50 11 change the underlying fundamentals, which is that Plaintiff
02:32:54 12 had only the ability and only the obligation to put on
02:32:59 13 evidence of damages for the actual acts of infringement
02:33:01 14 that have already transpired.

02:33:04 15 The future remedy for any future infringement post
02:33:07 16 trial is simply another issue for another day, either
02:33:10 17 through matters of equity or through another -- another
02:33:13 18 lawsuit or whatever the case may be.

02:33:24 19 THE COURT: All right. Do you have anything
02:33:25 20 further, Ms. Glasser?

02:33:27 21 MS. GLASSER: Not on that issue.

02:33:29 22 THE COURT: Anything further from Defendants on
02:33:30 23 this issue?

02:33:31 24 MR. HILL: Your Honor, they presented a lump sum.
02:33:35 25 They don't want the jury to answer on that basis, and we

02:33:39 1 think the Court has identified the issue they've created
02:33:41 2 for themselves. The jury is entitled to answer on the lump
02:33:44 3 sum royalty for these patents because that's the damage
02:33:48 4 model they've been given.

02:33:51 5 THE COURT: All right. With regard to the portion
02:34:00 6 of Defendant's affirmative motion under Rule 50(a)
02:34:03 7 concerning the topic of damages, I want to ask a question
02:34:06 8 regarding the marking issue or the pre-suit damages.

02:34:11 9 Don't we need to determine from the jury when the
02:34:14 10 damages period began with regard to marking and notice?
02:34:18 11 And is it possible that that could be different for each of
02:34:21 12 the two asserted patents? What do Defendants say to that?

02:34:29 13 MR. MCCULLOUGH: Your Honor, we would submit that
02:34:32 14 there is insufficient evidence of marking regardless, but
02:34:32 15 we certainly understand Your Honor disagrees and submits
02:34:37 16 that to the jury, and I think it is possible the jury could
02:34:38 17 come up with different damages periods for each of the
02:34:41 18 asserted patents.

02:34:45 19 THE COURT: Let me ask the Plaintiffs to respond
02:34:46 20 to that same question. Don't we need to determine when the
02:34:54 21 damages period began with regard to marking and notice, and
02:34:57 22 is it possible that's different for each of these two
02:34:59 23 patents?

02:35:00 24 MS. GLASSER: So that's correct, Your Honor. The
02:35:03 25 '571 patent, the evidence in the record and -- both

02:35:07 1 parties' experts testified to the period begins December
02:35:10 2 15th, 2016.

02:35:14 3 The '090 patent issued later.

02:35:17 4 THE COURT: Right.

02:35:18 5 MS. GLASSER And so that one, the issue is -- is
02:35:21 6 damages would accrue from the issue date.

02:35:24 7 The parties' damages experts are in agreement that
02:35:28 8 there's no distinction between how damages would be
02:35:30 9 calculated for the two patents, and it would add in this
02:35:33 10 case I think it's -- it's a moot point because it's --
02:35:37 11 there's only one infringement defense being asserted and it
02:35:41 12 applies equally to both patents. There's no additional
02:35:45 13 defense being asserted that would permit the jury to come
02:35:47 14 up with a finding only on the '090 patent and to reject
02:35:51 15 infringement for the '571.

02:35:56 16 THE COURT: All right.

02:35:59 17 MR. MCCULLOUGH: Your Honor, may I say something
02:36:01 18 further?

02:36:02 19 THE COURT: You may.

02:36:02 20 MR. MCCULLOUGH: Two points.

02:36:03 21 One, on the '090 patent, there is no evidence --
02:36:07 22 and I'm not even sure there's an allegation of marking.
02:36:11 23 It's undisputed that the only patent listed on that page
02:36:15 24 was the '571. And second, in response to Ms. Glasser, we
02:36:19 25 did ask Mr. Gerardi, our damages expert, to provide his

02:36:22 1 ultimate damages calculation for several different time
02:36:25 2 periods. So I don't think it's agreed that the parties
02:36:27 3 are -- are in agreement on the damages period or that the
02:36:33 4 '090 and '571 patent should be treated the same.

02:36:36 5 THE COURT: All right. Thank you, counsel, for
02:36:38 6 your arguments regarding these competing motions under
02:36:41 7 Rule 50(a).

02:36:43 8 Let me give you my rulings.

02:36:45 9 With regard to the issues related to infringement,
02:36:50 10 both literally and under the Doctrine of Equivalents,
02:36:53 11 Plaintiff's motion for judgment as a matter of law that the
02:36:57 12 asserted claims have been infringed is denied.

02:37:00 13 Defendant's motion for judgment as a matter of law
02:37:04 14 that the asserted claims have not been infringed is denied.

02:37:07 15 With regard to the allegations regarding willful
02:37:11 16 infringement, Plaintiff's motion for judgment as a matter
02:37:17 17 of law that the asserted claims have been willfully
02:37:19 18 infringed is denied.

02:37:20 19 And Defendant's motion for judgment as a matter of
02:37:22 20 law that the asserted claims have not been willfully
02:37:26 21 infringed is denied.

02:37:27 22 With regard to the presentations made to the Court
02:37:33 23 today regarding Section 101 of the Patent Act and patent
02:37:41 24 eligibility, the Court has previously ruled as a matter of
02:37:47 25 law under the Alice/Mayo analysis, particularly Step 1 of

02:37:51 1 that analysis, that these claims are directed toward a --
02:37:55 2 are not directed toward an abstract concept, and,
02:37:59 3 therefore, are patent eligible.

02:38:00 4 There has been no evidence presented under Step 2
02:38:05 5 because the parties came to trial understanding the Court
02:38:07 6 had disposed of the eligibility issue as a matter of law
02:38:13 7 under Step 1.

02:38:13 8 The Court finds that under either Step 1 or
02:38:19 9 Step 2, none of those matters have been heard by this jury
02:38:22 10 nor were they presented to this jury as a part of this
02:38:25 11 trial. And consequently, Court finds that any relief under
02:38:30 12 Rule 50(a) of the Federal Rules of Civil Procedure
02:38:33 13 regarding patent eligibility would be improper here.

02:38:37 14 And based on that, the Court denies any and all
02:38:39 15 requested relief by the parties with regard to the
02:38:42 16 eligibility issue.

02:38:43 17 With regard to the damages issue and Plaintiff's
02:38:47 18 affirmative motion under Rule 50(a) that a lump sum award
02:38:53 19 be excluded as a matter of law and the jury only be
02:38:59 20 permitted to award an amount that would be in effect a
02:39:03 21 running royalty, that motion is denied.

02:39:05 22 With regard to Defendant's motion for judgment as
02:39:09 23 a matter of law that no damages are appropriate because
02:39:12 24 Plaintiff has failed to properly apportion, no damages are
02:39:16 25 appropriate for pre-suit damages because of the assertion

02:39:20 1 that Plaintiff has failed to properly mark.

02:39:28 2 And as to the Defendant's motion that only a lump
02:39:33 3 sum could properly be awarded in this case based on the
02:39:35 4 evidence and as a matter of law under Rule 50(a), all of
02:39:38 5 those matters are denied, as well.

02:39:39 6 All right. That appears to the Court to complete
02:39:45 7 argument and ruling on any issues raised by either
02:39:48 8 Plaintiff or Defendant under Rule 50(a).

02:39:50 9 With this, counsel, I have 20 minutes until
02:39:57 10 2:00 -- excuse me, until 3:00.

02:39:59 11 At 3:00 o'clock, I will begin an informal charge
02:40:04 12 conference in chambers to address the current submitted
02:40:07 13 version of the final jury instructions and verdict form. I
02:40:11 14 would invite counsel for both parties to meet me in
02:40:15 15 chambers where I intend to take these matters up
02:40:20 16 informally, asking for and receiving hopefully full and
02:40:23 17 direct input from the parties about any and all areas where
02:40:27 18 they're not in agreement.

02:40:28 19 As I've indicated, after I have the benefit of
02:40:30 20 your fulsome input from both sides, I'll generate what I
02:40:35 21 believe to be the appropriate resulting final jury
02:40:38 22 instructions and verdict form, and after you've had an
02:40:41 23 opportunity to review them, I'll conduct a formal charge
02:40:46 24 conference on the record where any objections either party
02:40:48 25 believes are appropriate can be made.

02:40:50 1 All right. We stand in recess until 3:00 o'clock.

02:40:54 2 I'll see you in chambers then.

02:40:57 3 COURT SECURITY OFFICER: All rise.

02:40:58 4 (Recess.)

05:33:00 5 (Jury out.)

05:33:01 6 COURT SECURITY OFFICER: All rise.

05:33:07 7 THE COURT: Be seated, please.

05:33:50 8 Subsequent to the Court's hearing issues raised by
05:33:57 9 the parties under Rule 50(a) of the Federal Rules of Civil
05:34:03 10 Procedure, the Court adjourned to the chambers and met with
05:34:09 11 counsel and conducted an informal charge conference at
05:34:15 12 which time the Court sought and obtained full and
05:34:20 13 informative input and comments from counsel for the
05:34:22 14 competing parties as to the latest submissions regarding a
05:34:28 15 final jury instruction and verdict form.

05:34:30 16 Questions were asked, answers were given,
05:34:35 17 discussions were held, and the Court feels it benefitted by
05:34:40 18 the input and dialog during that informal charge
05:34:43 19 conference.

05:34:43 20 Subsequent to the completion of that informal
05:34:47 21 charge conference, the Court factored into its thinking the
05:34:51 22 various comments and input received and has subsequently
05:34:55 23 generated the current version before it of the final jury
05:34:59 24 instructions and verdict form.

05:35:00 25 The Court's provided those to counsel for the

05:35:04 1 parties with an opportunity to review the same. And the
05:35:08 2 Court will now conduct a formal charge conference on the
05:35:11 3 record by which -- or during which either party, through
05:35:16 4 its counsel, may when they feel compelled, lodge such
05:35:20 5 objections as they deem appropriate to the existing and
05:35:24 6 most current version of those final jury instructions and
05:35:27 7 verdict form.

05:35:27 8 As is the Court's typical practice, I'd like to
05:35:32 9 ask one spokesperson for each Plaintiff and Defendant to go
05:35:39 10 to the podium; I'll go through first the final jury
05:35:41 11 instructions page-by-page. As we go through them, at any
05:35:44 12 page where you believe something has been included that's
05:35:46 13 not proper and warrants an objection, you're free to make
05:35:50 14 it.

05:35:50 15 At each place on each page, if any, where you
05:35:55 16 believe something important that you've requested has been
05:35:57 17 omitted, you're entitled to lodge that objection if you
05:36:00 18 believe it's appropriate, and as we go through these
05:36:05 19 documents page-by-page, any other matters that you believe
05:36:07 20 the interest of your clients require you to object to,
05:36:10 21 you're free to make those objections. But to make sure
05:36:16 22 that all issues are covered and to avoid any possible
05:36:19 23 oversights, the Court will do this on a page-by-page basis,
05:36:23 24 beginning first with the final jury instructions and then
05:36:26 25 turning to the verdict form.

05:36:27 1 So with that, whoever is going to address these
05:36:29 2 matters for Plaintiff, please go to the podium, together
05:36:33 3 with whoever is going to address these matters for
05:36:35 4 Defendant.

05:36:40 5 And that appears to be Mr. Rowles for Plaintiff
05:36:44 6 and Mr. Underwood for Defendant.

05:36:46 7 MR. ROWLES: Yes, Your Honor.

05:36:46 8 THE COURT: Okay. Let's turn, gentlemen, to the
05:36:50 9 final jury instructions beginning with the cover page or
05:36:53 10 Page 1. Are there any objections here from either party?

05:36:56 11 MR. ROWLES: None for Plaintiff, Your Honor.

05:36:58 12 MR. UNDERWOOD: None for Defendant.

05:36:59 13 THE COURT: Turning then to Page 2, are there
05:37:01 14 objections to -- from either party?

05:37:02 15 MR. ROWLES: None for Plaintiff, Your Honor.

05:37:04 16 MR. UNDERWOOD: None from Defendant.

05:37:05 17 THE COURT: Turning next to Page 3, are there
05:37:07 18 objections from either party?

05:37:09 19 MR. ROWLES: None for Plaintiff, Your Honor.

05:37:11 20 MR. UNDERWOOD: None from Defendant.

05:37:13 21 THE COURT: Next is Page 4, are there any
05:37:16 22 objections?

05:37:17 23 MR. ROWLES: None from Plaintiff, Your Honor.

05:37:19 24 MR. UNDERWOOD: None from Defendant.

05:37:21 25 THE COURT: Turning next to Page 5, are there

05:37:23 1 objections from either party?

05:37:24 2 MR. ROWLES: None for Plaintiff, Your Honor.

05:37:26 3 MR. UNDERWOOD: None from the Defendant.

05:37:28 4 THE COURT: Turning next to Page 6 of the final
05:37:31 5 jury instructions, are there objections from either party?

05:37:34 6 MR. ROWLES: None from Plaintiff, Your Honor.

05:37:35 7 MR. UNDERWOOD: None from Defendant.

05:37:37 8 THE COURT: Turning next to Page 7, are there
05:37:40 9 objections from either party?

05:37:43 10 MR. ROWLES: None from Plaintiff, Your Honor.

05:37:44 11 MR. UNDERWOOD: None from Defendant.

05:37:45 12 THE COURT: Turning next to Page 8, are there
05:37:48 13 objections from either party?

05:37:51 14 MR. ROWLES: None from Plaintiff, Your Honor.

05:37:52 15 MR. UNDERWOOD: None from Defendant.

05:37:53 16 THE COURT: Turning next to Page 9, are there
05:37:58 17 objections here from either party?

05:38:00 18 MR. ROWLES: Your Honor, I'd reurge the trial
05:38:05 19 brief that was filed last night regarding a curative
05:38:08 20 instruction on the issue of comprising to respond to the
05:38:11 21 testimony of Dr. Villasenor yesterday.

05:38:12 22 THE COURT: All right. Well, the Court is
05:38:14 23 persuaded that these final jury instructions adequately, as
05:38:20 24 they presently stand, cover that issue. So that objection
05:38:22 25 is overruled.

05:38:23 1 MR. ROWLES: Understood, Your Honor.

05:38:24 2 THE COURT: Any other objections from either party
05:38:26 3 with anything -- with regard to anything on Page 9?

05:38:29 4 MR. ROWLES: Not from Plaintiff, Your Honor.

05:38:30 5 MR. UNDERWOOD: None from Defendant.

05:38:31 6 THE COURT: Turning then to Page 10, anything by
05:38:34 7 way of objection here from either party?

05:38:36 8 MR. ROWLES: Yes, Your Honor. In the third full
05:38:41 9 paragraph beginning, I will now instruct, a relatively
05:38:46 10 minor objection, but I believe it's a duplicate of the same
05:38:49 11 paragraph on the next page which includes the statement
05:38:51 12 about the Doctrine of Equivalents, and so we'd request that
05:38:54 13 this paragraph, which I think is superfluous, be removed on
05:38:57 14 Page 10.

05:38:57 15 THE COURT: All right. I don't find that those
05:39:12 16 provisions are completely duplicative, although the
05:39:15 17 language of I now instruct is common. I think these are
05:39:20 18 distinct, and I'm going to overrule that objection.

05:39:22 19 Anything else on Page 10 from either Plaintiff or
05:39:26 20 Defendant?

05:39:26 21 MR. ROWLES: There is from Plaintiff, Your Honor,
05:39:29 22 and it -- it crosses into Page 11, but it's the sentence --
05:39:33 23 the last sentence beginning you should not compare the
05:39:36 24 accused product with any specific examples set out in the
05:39:40 25 patent, and then the following paragraph regarding the only

05:39:43 1 correct comparison being between the accused product and
05:39:45 2 the language of the asserted claims in -- under these facts
05:39:50 3 where the commercial embodiment of the patent owner is not
05:39:54 4 disputed to practice the claims of the asserted patent, we
05:40:00 5 believe such comparisons are appropriate, and so the
05:40:00 6 instruction beginning on Page 10 and going into the top of
05:40:06 7 Page 11 would be incorrect.

05:40:26 8 THE COURT: That objection is overruled.

05:40:28 9 Anything else on Page 10 from either party?

05:40:30 10 MR. ROWLES: Nothing more from Plaintiff, Your
05:40:34 11 Honor.

05:40:34 12 MR. UNDERWOOD: None from Defendant.

05:40:35 13 THE COURT: Turning then to Page 11, is there
05:40:37 14 objection here from either party?

05:40:38 15 MR. ROWLES: Nothing more than I've already
05:40:40 16 stated.

05:40:41 17 MR. UNDERWOOD: None from Defendant.

05:40:42 18 THE COURT: In that case, we'll turn to Page 12,
05:40:46 19 and I'll ask if there's any objection here from either
05:40:48 20 party?

05:40:48 21 MR. ROWLES: Nothing from Plaintiff, Your Honor.

05:40:49 22 MR. UNDERWOOD: Your Honor, Defendant does have an
05:40:51 23 objection to the paragraph that is the second from the
05:40:55 24 bottom on Page 12 beginning with now you heard reference.
05:41:00 25 It is Defendant's position that this paragraph is a

05:41:04 1 misstatement of the All-Elements Rule. In addition, Your
05:41:08 2 Honor, it is Defendant's position that this -- this
05:41:11 3 paragraph can do nothing other than cause confusion for the
05:41:15 4 jury, and as a result of both of those grounds, Your Honor,
05:41:19 5 we would request that it be excluded.

05:41:21 6 THE COURT: Well, counsel, I'm going to overrule
05:41:24 7 your objection. You'll see that the first sentence of the
05:41:26 8 immediately following paragraph addresses the All-Elements
05:41:30 9 Rule. It makes it clear that that's still the governing
05:41:33 10 requirement here.

05:41:35 11 So in light of the coverage that immediately
05:41:39 12 follows this paragraph and makes it clear that all elements
05:41:42 13 must be present either literally or under the Doctrine of
05:41:45 14 Equivalents for a claim to be infringed, I'm going to
05:41:48 15 overrule your objection.

05:41:49 16 MR. UNDERWOOD: Thank you, Your Honor.

05:41:50 17 THE COURT: Anything else from either side on Page
05:41:52 18 12?

05:41:53 19 MR. ROWLES: Not from Plaintiffs, Your Honor.

05:41:55 20 MR. UNDERWOOD: None from Defendant.

05:41:56 21 THE COURT: Turning then to Page 13, is there any
05:41:59 22 objection here from either party?

05:42:01 23 MR. ROWLES: There is from Plaintiffs, Your Honor.
05:42:04 24 In the -- preceding the sentence beginning your
05:42:08 25 determination of willfulness should incorporate the

05:42:11 1 totality of the circumstances, Plaintiffs had previously
05:42:14 2 urged that the Court provide an instruction regarding
05:42:17 3 copying of a patented embodiment of the invention, in this
05:42:21 4 case, the commercial embodiment of the patent owner, and we
05:42:25 5 believe given the evidence adduced at trial that that'd be
05:42:29 6 an appropriate instruction for the jury to hear concerning
05:42:32 7 willfulness.

05:42:32 8 THE COURT: And I've considered that position,
05:42:34 9 although I've determined that in light of the clear
05:42:37 10 instruction, that the totality of the circumstances should
05:42:41 11 be considered. That in no way prohibits Plaintiff from
05:42:46 12 asserting its arguments in that regard. But I don't feel
05:42:49 13 that I should zero in on a single circumstance when I've
05:42:55 14 instructed the jury that it is, in fact, the totality of
05:42:58 15 all circumstances that they should consider. So that
05:43:01 16 objection is overruled.

05:43:03 17 MR. ROWLES: Understood, Your Honor.

05:43:04 18 THE COURT: Anything else from either party with
05:43:06 19 regard to Page 13?

05:43:07 20 MR. ROWLES: Nothing else from Plaintiff, Your
05:43:08 21 Honor.

05:43:08 22 MR. UNDERWOOD: Defendant does have an objection,
05:43:11 23 Your Honor. This is in the middle of the largest paragraph
05:43:14 24 on Page 13. We object to the portion of the sentence --
05:43:22 25 the sentence is you may find Wells Fargo's actions were

05:43:25 1 egregious. That's how it begins. But our objection is
05:43:28 2 specifically to the portion beginning, if it acted, and
05:43:33 3 then continuing to the end of the next sentence. And our
05:43:37 4 objection is that this misstates the law in two respects.

05:43:46 5 I beg your -- I beg your pardon, Your Honor.

05:43:52 6 Your Honor, it's our position that this misstates
05:43:56 7 the law because it includes an instruction on recklessness,
05:43:59 8 and it also includes a variation of the deliberate
05:44:03 9 indifference instruction. We believe there's no evidence
05:44:05 10 of that and also that it misstates the test for deliberate
05:44:08 11 indifference under Global-Tech.

05:44:11 12 Your Honor, we would also object to these
05:44:15 13 instructions because there is no requirement for knowledge,
05:44:20 14 and we would request that that be included in these
05:44:24 15 instructions.

05:44:26 16 THE COURT: All right. And I -- I've considered
05:44:30 17 these same objections, which were voiced in the informal
05:44:34 18 charge conference, and it's the Court's determination that
05:44:38 19 that objection should be and it is overruled.

05:44:41 20 MR. UNDERWOOD: Thank you, Your Honor.

05:44:42 21 THE COURT: Anything else on Page 13, gentlemen?

05:44:43 22 MR. ROWLES: Nothing for Plaintiff, Your Honor.

05:44:47 23 THE COURT: Anything further for Defendant on Page
05:44:49 24 13?

05:44:49 25 MR. UNDERWOOD: Not from Defendant.

05:44:51 1 THE COURT: Then we'll turn next to Page 14. Is
05:44:54 2 there any objection here from either party?

05:44:57 3 MR. ROWLES: Not from Plaintiff, Your Honor.

05:44:58 4 MR. UNDERWOOD: None from Defendant.

05:44:58 5 THE COURT: Turning next to Page 15, are there any
05:45:03 6 objections here for either party?

05:45:07 7 MR. ROWLES: Not for Plaintiff, Your Honor.

05:45:09 8 MR. UNDERWOOD: None from Defendant.

05:45:10 9 THE COURT: Counsel, you'll note that at the
05:45:13 10 beginning -- excuse me, at the bottom portion of Page 15
05:45:17 11 continuing through all of Page 16 and the top half of
05:45:19 12 Page 17, the 15 discreet Georgia-Pacific factors are set
05:45:23 13 forth.

05:45:24 14 Is it the parties' agreement that all 15 factors
05:45:27 15 should be charged to the jury in this case? That was my
05:45:29 16 understanding. I'd like to confirm it on the record.

05:45:33 17 MR. ROWLES: That's my understanding, as well,
05:45:35 18 Your Honor.

05:45:35 19 MR. UNDERWOOD: Same for Defendant.

05:45:36 20 THE COURT: All right. Then with that, let's turn
05:45:40 21 to Page 17, and I'll begin with the bottom half of that
05:45:46 22 page and ask if there's any matter set forth there that
05:45:49 23 either party feels compelled to lodge an objection in
05:45:52 24 regard to?

05:45:53 25 MR. ROWLES: Not from Plaintiff, Your Honor.

05:45:54 1 MR. UNDERWOOD: Defendant has just a couple
05:45:58 2 objections to the paragraph that is at the very bottom of
05:46:02 3 Page 17.

05:46:03 4 First, Defendant would object to the language,
05:46:07 5 minimum amount, in the first sentence of that paragraph
05:46:11 6 because it is confusing and misleading to the jury.

05:46:14 7 Additionally, Defendant would object to the
05:46:17 8 language evidence of additional profits in the second
05:46:22 9 sentence. It is Defendant's position that there's no
05:46:26 10 evidentiary support for the inclusion of that language.

05:46:29 11 And then, finally, Plaintiffs would object -- or
05:46:33 12 excuse me, Defendant would object to the final sentence in
05:46:38 13 the inclusion of the language referencing the exceeding of
05:46:41 14 the profits expected by the patentee because it is our
05:46:45 15 position there is no evidence of that, and it can only
05:46:48 16 cause confusion for the jury.

05:46:50 17 THE COURT: All right. That objection is
05:46:51 18 overruled.

05:46:52 19 Let's turn next to Page 18, and let me ask if
05:46:57 20 either party has an objection here.

05:46:59 21 MR. ROWLES: None from Plaintiff, Your Honor.

05:47:02 22 MR. UNDERWOOD: Defendant does have an objection
05:47:03 23 to the second to last paragraph, the paragraph beginning
05:47:08 24 with the sentence starting the earliest date, and
05:47:13 25 specifically, Defendant's objection is to the second

05:47:17 1 sentence of that paragraph, to the inclusion of the
05:47:22 2 November 14, 2017 date, Defendants contend that there is no
05:47:26 3 evidence of marking for the specific '090 patent and that
05:47:31 4 there's no Federal Circuit authority supporting marking of
05:47:34 5 a different -- supporting the idea that -- that marking of
05:47:37 6 a different patent can satisfy Section 287.

05:47:41 7 Along those same lines, it's Defendant's position
05:47:43 8 that evidence of notice of a different patent is
05:47:46 9 insufficient to provide notice of a related patent.

05:47:51 10 And for these reasons, Defendant would request
05:47:54 11 that the Court include the date of filing of the lawsuit in
05:47:59 12 place of the November 14, 2017 date because there is no
05:48:02 13 pre-suit actual or constructive notice for the '090 patent.

05:48:05 14 THE COURT: That objection is overruled.

05:48:11 15 Anything further on Page 18 from either party?

05:48:14 16 MR. ROWLES: Not from Plaintiff, Your Honor.

05:48:15 17 MR. UNDERWOOD: None from Defendant.

05:48:18 18 THE COURT: Turning next to Page 19, is there
05:48:21 19 objection here from either party?

05:48:22 20 MR. ROWLES: Not from Plaintiff.

05:48:23 21 MR. UNDERWOOD: None from Defendant.

05:48:24 22 THE COURT: And, finally, turning to the last page
05:48:26 23 of the final jury instructions, Page 20, is there objection
05:48:30 24 here from either party?

05:48:31 25 MR. ROWLES: Nothing from Plaintiff, Your Honor.

05:48:33 1 MR. UNDERWOOD: None from Defendant.

05:48:34 2 THE COURT: All right. Counsel, let's next turn
05:48:35 3 to the verdict form which you have before you. I'll follow
05:48:42 4 the same approach here with regard to the first page of the
05:48:46 5 verdict form.

05:48:48 6 Is there any objection to anything here from
05:48:51 7 either party?

05:48:52 8 MR. ROWLES: Not from Plaintiff, Your Honor.

05:48:53 9 MR. UNDERWOOD: None from Defendant.

05:48:56 10 THE COURT: Turning next to Page 2, is there
05:48:58 11 objection from either party?

05:49:00 12 MR. ROWLES: Not from Plaintiff.

05:49:01 13 MR. UNDERWOOD: None from Defendant.

05:49:02 14 THE COURT: Page 3, is there any objection from
05:49:04 15 either party?

05:49:05 16 MR. ROWLES: Not from Plaintiff, Your Honor.

05:49:07 17 MR. UNDERWOOD: None from Defendant.

05:49:08 18 THE COURT: Turning next to Page 4 of the verdict
05:49:10 19 form wherein Question No. 1 is found, is there objection
05:49:13 20 from either party?

05:49:15 21 MR. ROWLES: No objection from Plaintiff, Your
05:49:16 22 Honor.

05:49:16 23 MR. UNDERWOOD: There is an objection, too, from
05:49:19 24 Defendant to the form of this question.

05:49:20 25 The first ground, Your Honor, is that Defendant

05:49:23 1 would object to the failure to include separate questions
05:49:29 2 on infringement, one for literal infringement and one for
05:49:33 3 infringement under the Doctrine of Equivalents.

05:49:35 4 It is Defendant's position that there's legally
05:49:37 5 insufficient evidence under Federal Circuit precedence --
05:49:42 6 precedent of infringement under the Doctrine of Equivalents
05:49:47 7 as it relates to the testimony of Dr. Conte in this case,
05:49:51 8 and for that reason, Your Honor, we would object to the
05:49:52 9 form of this question on that ground.

05:49:54 10 And then, additionally, Your Honor, Defendant
05:49:57 11 objects to the form of this question because we believe
05:50:02 12 that each separate claim should be listed such that the
05:50:06 13 jury would have to find infringement for each claim on an
05:50:11 14 individual basis because each claim of a patent is a
05:50:14 15 separate invention.

05:50:17 16 THE COURT: Thank you, counsel. Those objections
05:50:19 17 are overruled.

05:50:22 18 MR. UNDERWOOD: Thank you, Your Honor.

05:50:22 19 THE COURT: We'll turn next to Page 5 of the
05:50:25 20 verdict form wherein Question 2 is located. Is there
05:50:28 21 objection here from either party?

05:50:29 22 MR. ROWLES: Not from Plaintiff, Your Honor.

05:50:30 23 MR. UNDERWOOD: None from Defendant.

05:50:31 24 THE COURT: Turning next to Page 6 where Question
05:50:35 25 3 of the verdict form is located, is there objection here

05:50:37 1 from either party?

05:50:38 2 MR. ROWLES: Not from Plaintiff, Your Honor.

05:50:39 3 MR. UNDERWOOD: There is an objection from the
05:50:46 4 Defendant. The Defendant objects to the form of this
05:50:48 5 question because it does not include a lump sum
05:50:52 6 instruction, and we believe that the evidence adduced in
05:50:54 7 this trial, both by Plaintiff and Defendant, is such that
05:50:58 8 only a lump sum would be appropriate, and as a result,
05:51:02 9 that the lump sum language should be included in this
05:51:05 10 question.

05:51:06 11 And then a separate ground, Your Honor, Defendant
05:51:11 12 objects to this question and would request a separate
05:51:15 13 question on the marking issue because we believe it should
05:51:20 14 be separate.

05:51:22 15 THE COURT: Those objections are overruled.

05:51:23 16 We'll turn to Page 7 being the final page of the
05:51:27 17 verdict form, and I'll inquire, is there objection here
05:51:30 18 from either party?

05:51:31 19 MR. ROWLES: No objection from Plaintiff.

05:51:32 20 MR. UNDERWOOD: None from Defendant.

05:51:35 21 THE COURT: All right. Counsel, that will
05:51:36 22 complete the formal charge conference with regard to these
05:51:41 23 matters.

05:51:41 24 The Court will prepare, as is its practice, eight
05:51:49 25 hard copies of the written final jury instructions so that

05:51:53 1 each member of the jury can be told they'll have their own
05:51:58 2 written copy to take with them to the jury room during
05:52:01 3 their deliberations.

05:52:02 4 The Court will also prepare one clean copy of the
05:52:06 5 verdict form and those eight copies of the final jury
05:52:10 6 instructions together with the clean copy of the verdict
05:52:12 7 form will be delivered to the jury when they are instructed
05:52:16 8 to retire and deliberate after the completion of the
05:52:19 9 Court's final instructions and the closing arguments of
05:52:23 10 counsel, which will take place in the morning.

05:52:24 11 Are counsel aware of anything else the Court
05:52:28 12 should take up this evening before recessing until tomorrow
05:52:32 13 morning?

05:52:32 14 MR. ROWLES: Nothing from Plaintiff, Your Honor.

05:52:33 15 MR. UNDERWOOD: There is one thing from Defendant,
05:52:33 16 Your Honor.

05:52:36 17 I was just informed -- and I'm not trying to
05:52:38 18 reopen any of the -- the objection process that we just
05:52:41 19 covered, but I was just informed by my co-counsel that I
05:52:46 20 should have made a similar objection to Question 2 of the
05:52:52 21 verdict form, the objection being similar to that raised in
05:52:55 22 response to Question 1, which is that Wells Fargo would
05:52:59 23 request that willfulness be submitted such that the jury
05:53:05 24 would have to answer willfulness with respect to each of
05:53:08 25 the asserted claims.

05:53:10 1 THE COURT: Well, that objection is overruled, and
05:53:21 2 to the extent you're making it, I guess you are unavoidably
05:53:25 3 asking to reopen, and I'll allow you to reopen for that
05:53:29 4 purpose, but I'll overrule your objection.

05:53:31 5 MR. UNDERWOOD: Thank you, Your Honor.

05:53:31 6 THE COURT: All right. The formal charge
05:53:33 7 conference is complete.

05:53:33 8 Counsel, I will see you in the morning at 8:30.

05:53:36 9 We have had a discussion in chambers about
05:53:42 10 exchanging demonstratives and other matters for use in
05:53:47 11 closing arguments. Please inform your lead counsel who
05:53:49 12 will be presenting closing arguments that I will be in
05:53:51 13 chambers by 7:30 in case there are any disputes that cannot
05:53:54 14 be worked out overnight during the meet and confer process.

05:53:58 15 But I intend to bring the jury in and begin my
05:54:02 16 final jury instructions as close to 8:30 in the morning as
05:54:06 17 possible.

05:54:06 18 With that, counsel, we stand in recess until
05:54:09 19 tomorrow morning.

05:54:09 20 COURT SECURITY OFFICER: All rise.

05:54:15 21 (Recess.)

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CERTIFICATION

I HEREBY CERTIFY that the foregoing is a true and correct transcript from the stenographic notes of the proceedings in the above-entitled matter to the best of my ability.

/S/ Shelly Holmes
SHELLY HOLMES, CSR, TCRR
OFFICIAL REPORTER
State of Texas No.: 7804
Expiration Date: 12/31/20

11/5/19
Date